

# IBM Cognos Finance Forum 2010

Anticipate and Shape Business Outcomes

## ***The New Normal: CFOs' Views on a Volatile, Variable Recovery***

Prepared by  
CFO Research Services

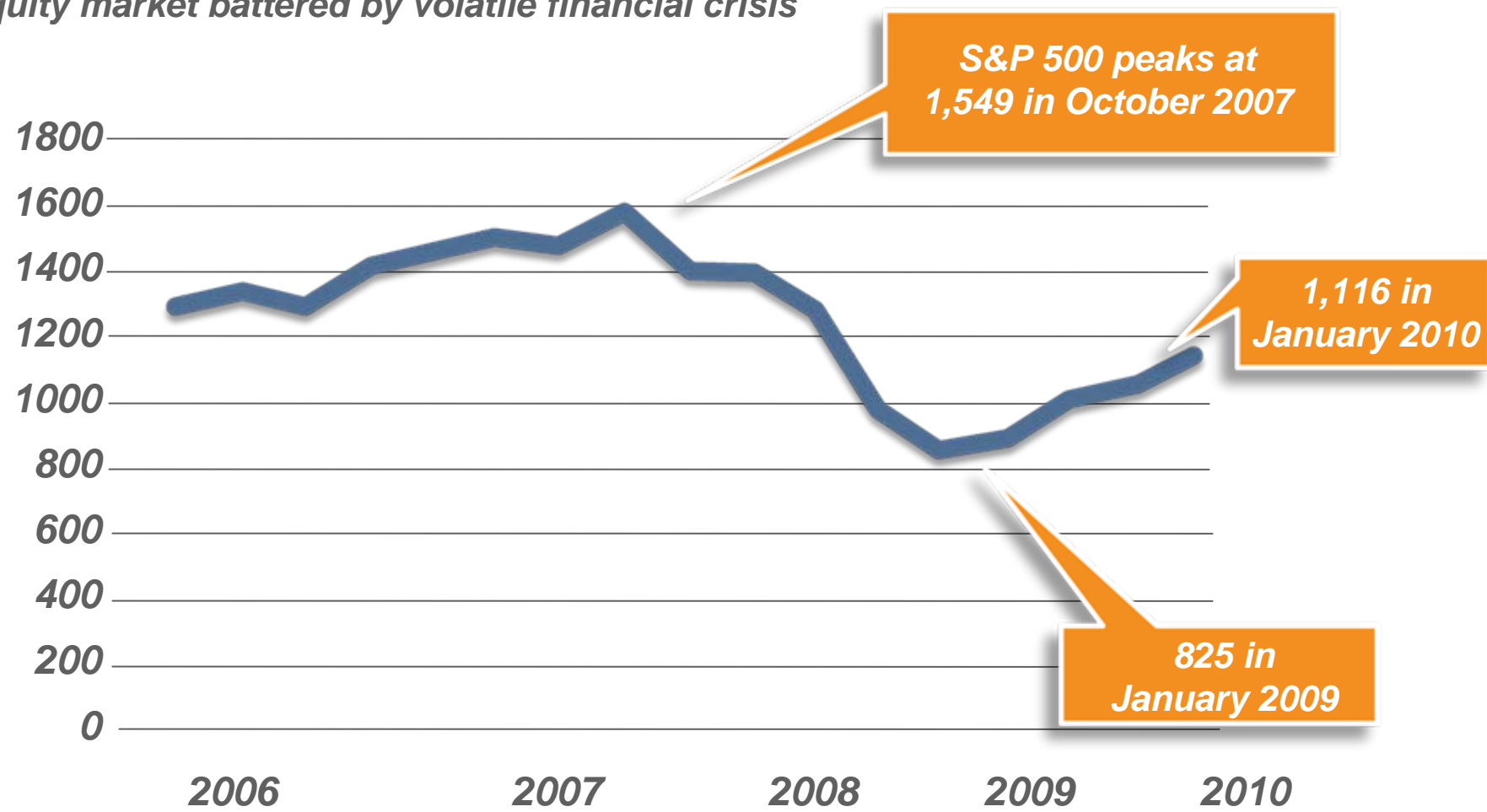
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## Lengthy and deep downturn

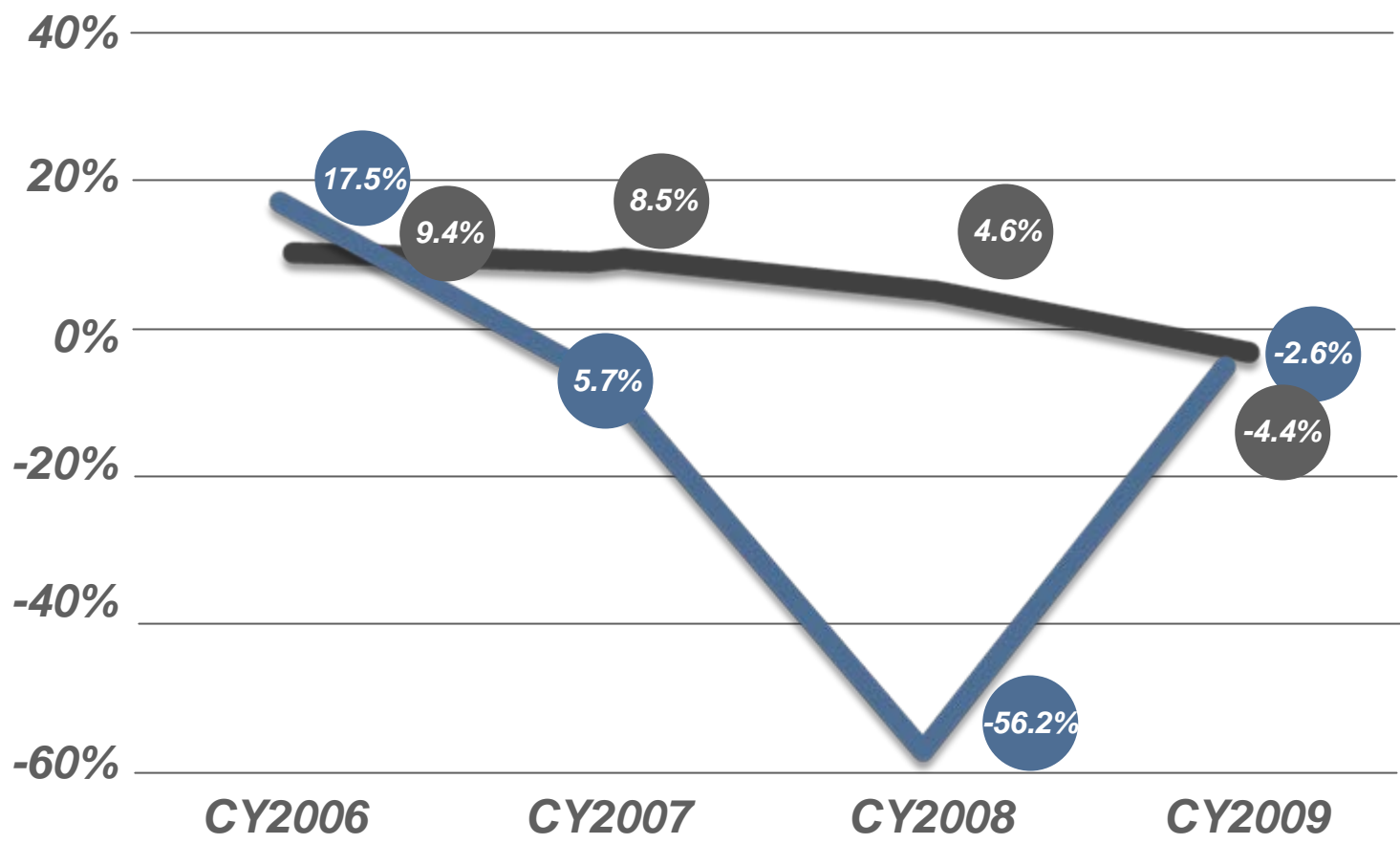
Equity market battered by volatile financial crisis





## Downturn takes its toll on performance...

Top-line growth and profitability fell steeply among S&P 500 firms



— Net Income, 1 Yr Growth % (S&P 500)

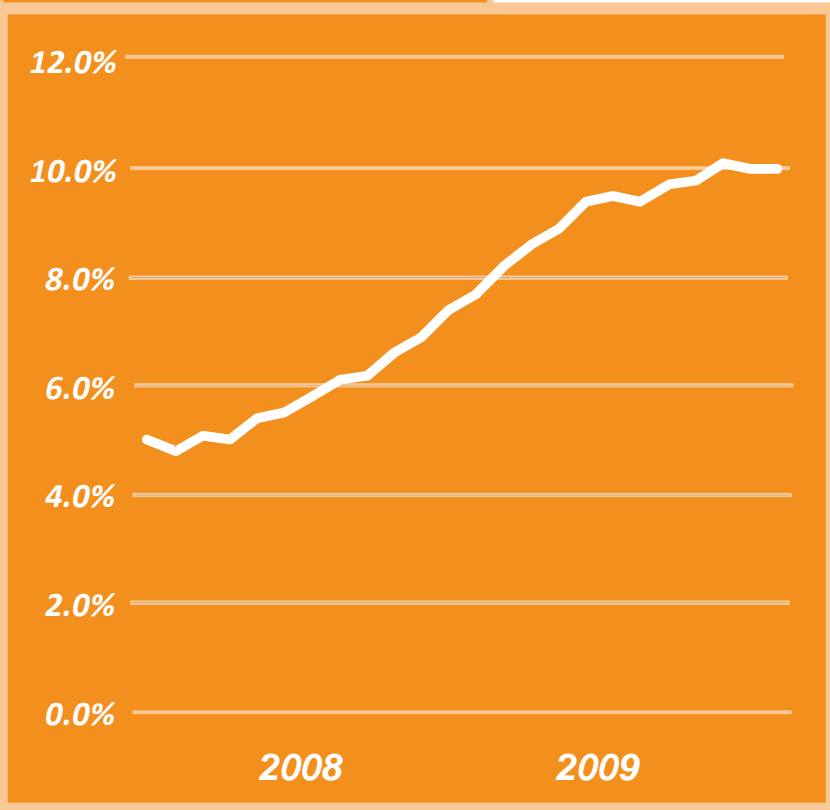
— Total Revenue, 1 Yr Growth % (S&P 500)





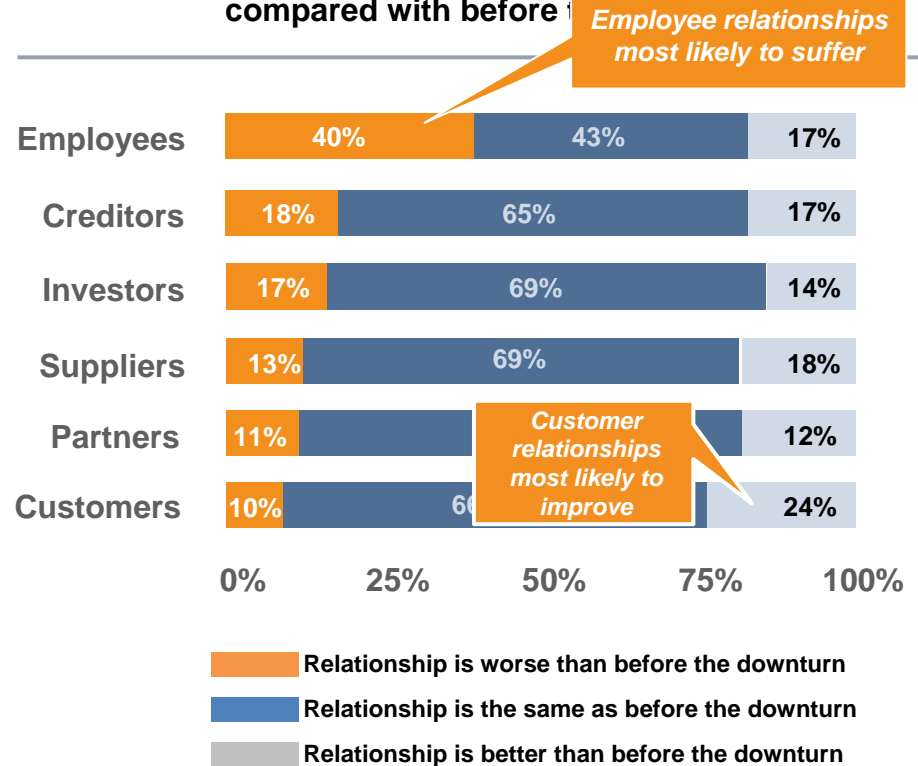
## ...and on company operations and staff

U.S. Unemployment Rate



Source: U.S. Bureau of Labor Statistics.

How would you describe your company's relationship with the following stakeholders now compared with before the downturn?



Source: CFO Research Services survey of 280 senior finance executives in 12/09

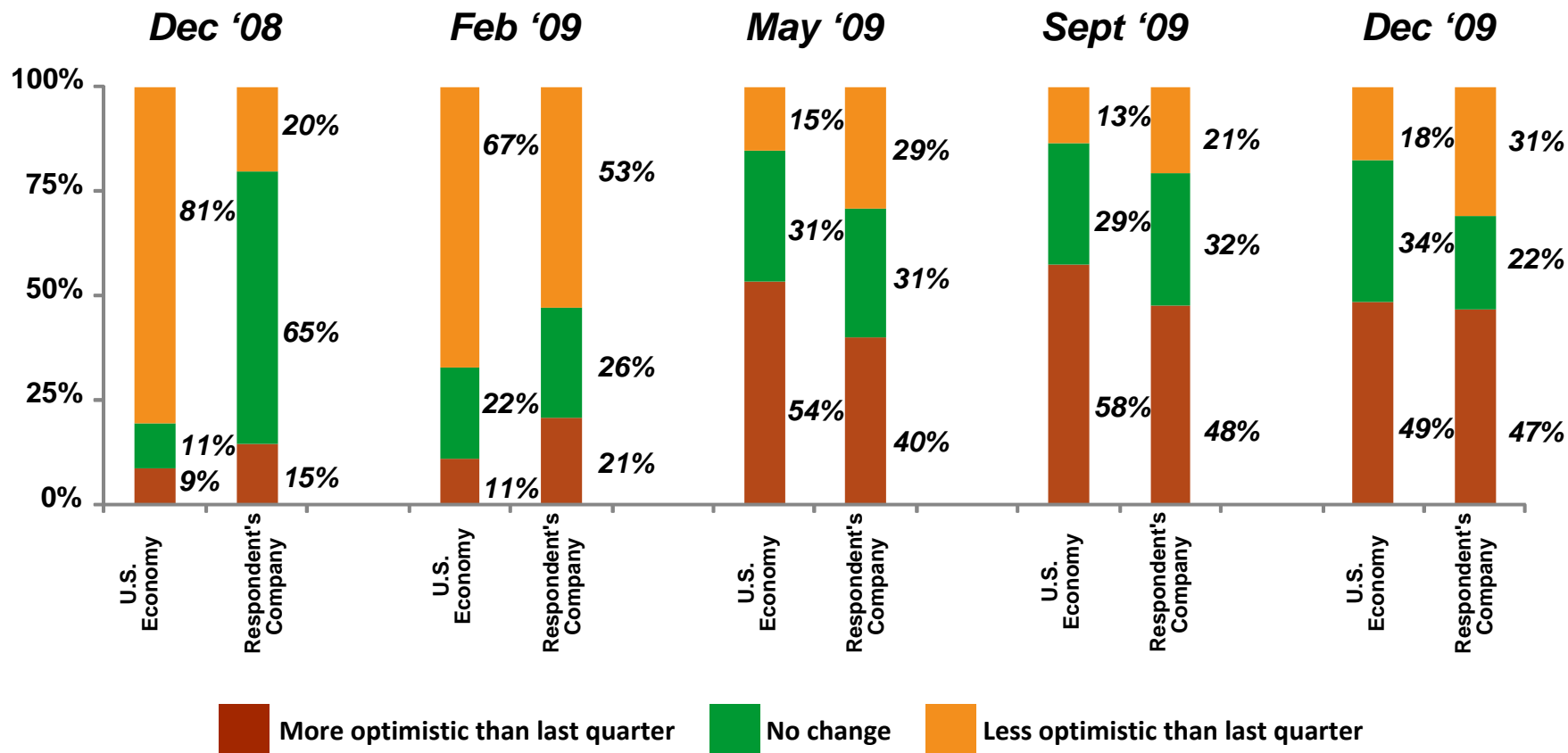
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## Guarded optimism for U.S. economy and individual firms

CFOs' optimism for the U.S. economy and their firms' financial prospects

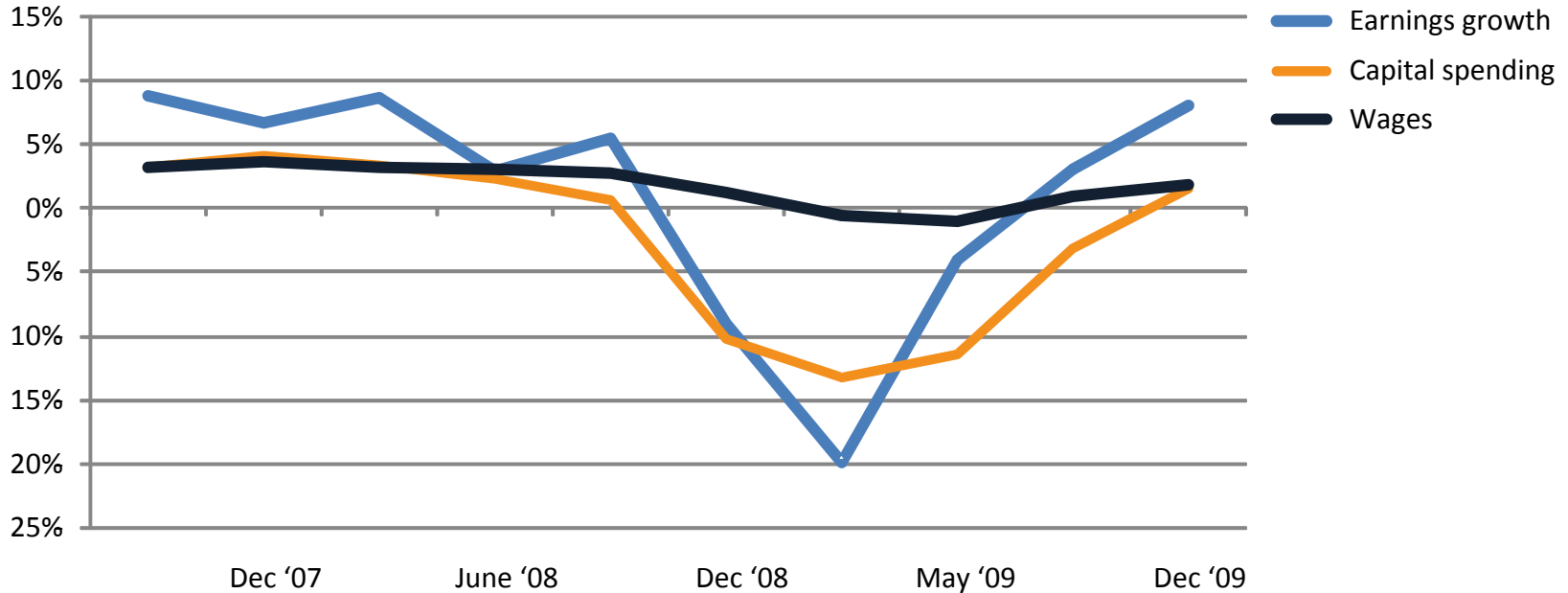


Source: CFO Magazine/Duke University business outlook survey, Dec '08 – Dec '09 editions



## Outlook for investments, spending, and performance brightens

12-month percentage change expected among U.S. companies

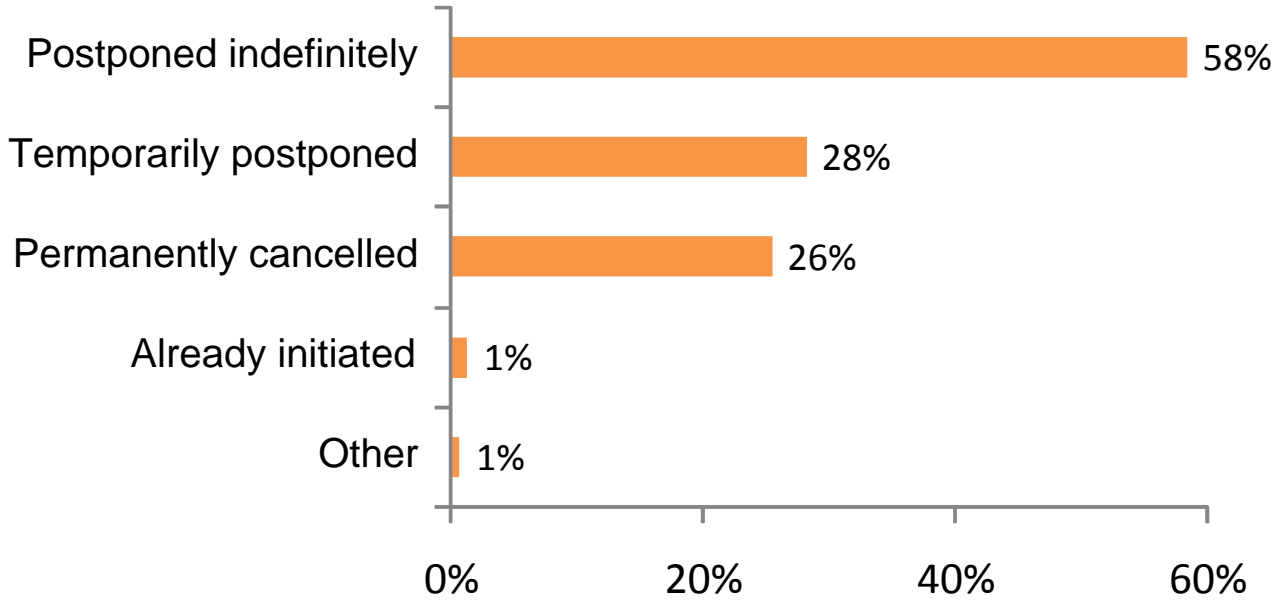


*Each quarter, we ask finance executives for their 12-month outlook for growth in earnings, capital spending, and wages.*



## ***Less than one-third of “passed-up” projects are likely to restart in the near term.***

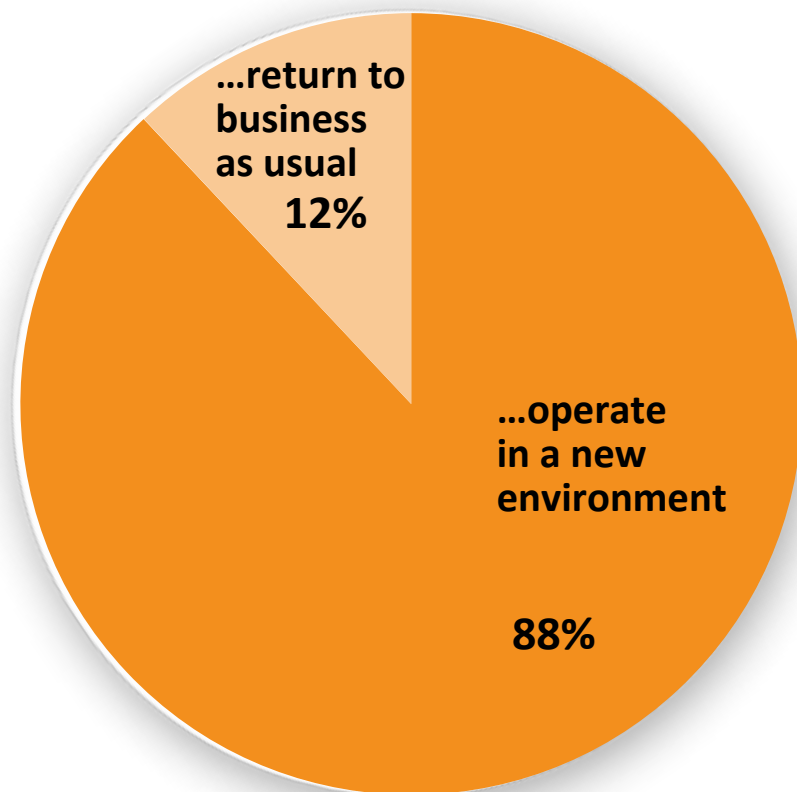
*If you passed up projects in the past year due to credit constraints, are they cancelled permanently or does your firm anticipate pursuing them eventually?*





## What is the New Normal?

*When the economic recovery takes hold, American companies will...*



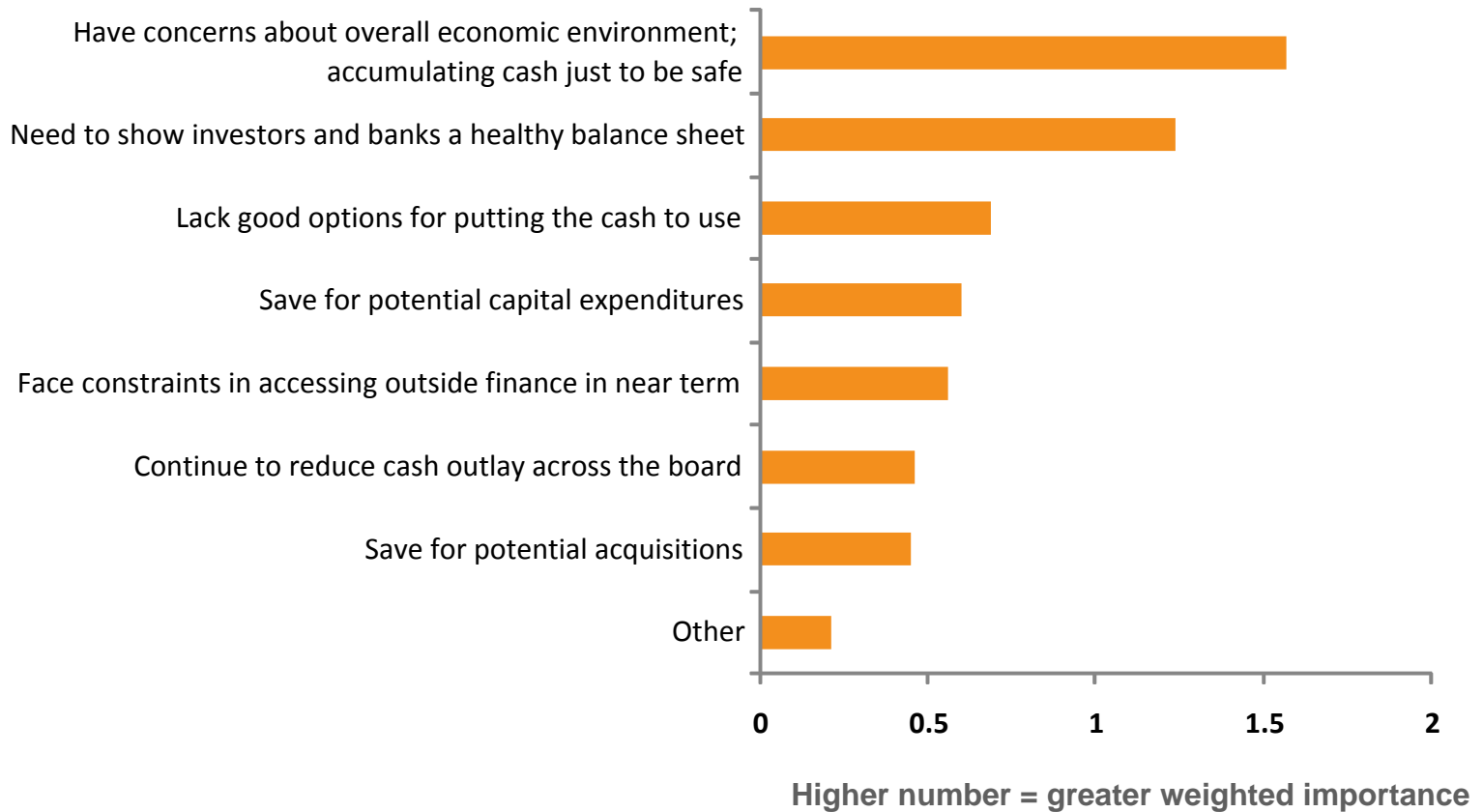
- CFOs foresee greater variability, volatility and uncertainty about nearly all aspects of business
  - Top external concerns:
    - Consumer demand
    - Federal government agenda/policies
    - Price pressure
    - Credit markets and interest rates.
  - Top internal concerns:
    - Maintaining profit margins
    - Improving forecasting capabilities
    - Maintaining morale
    - Managing working capital





## Capital allocation reveals anxiety

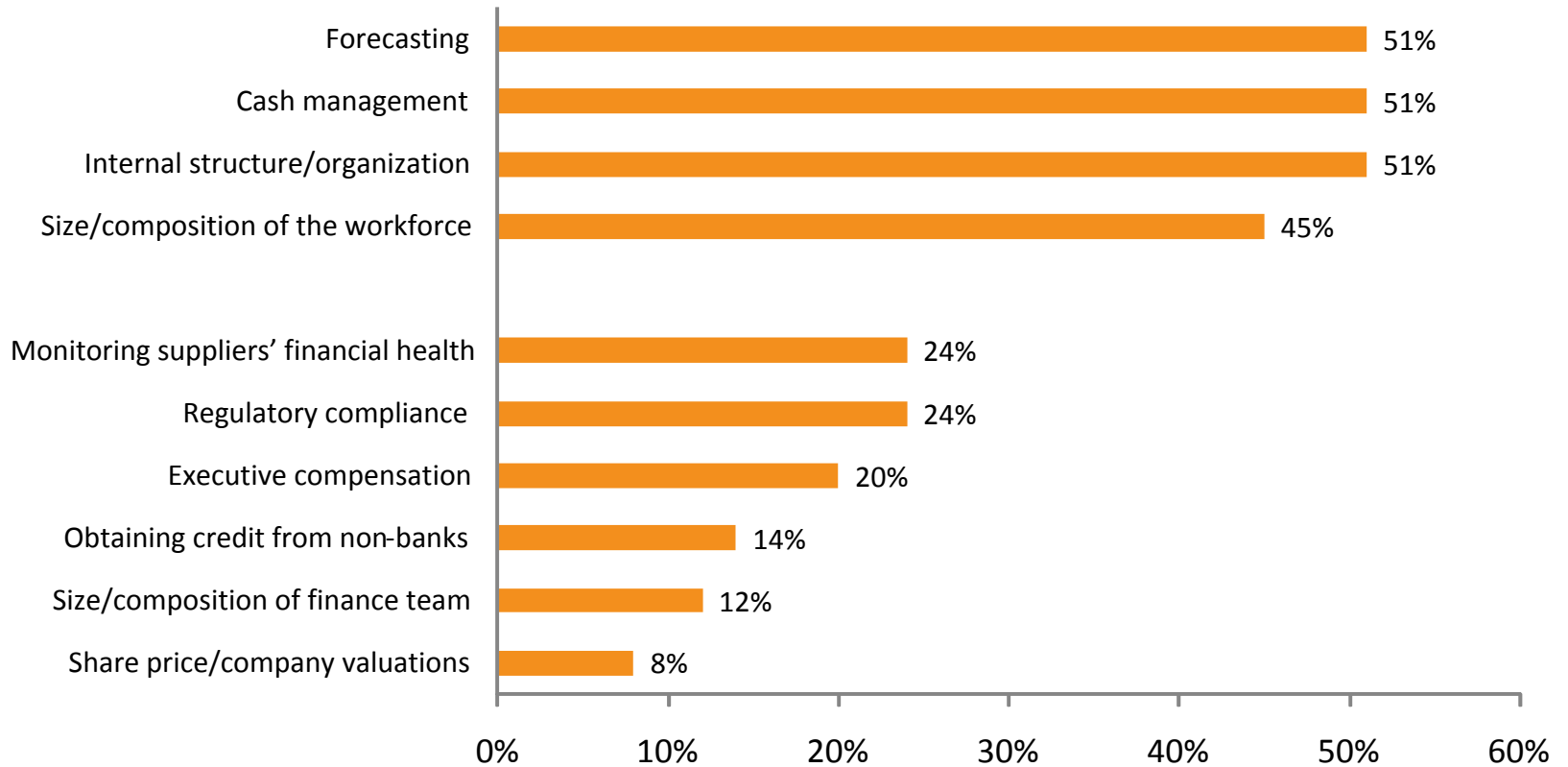
*Despite growth prospects, finance executives are maintaining cash when they can. Why?*





## ***Finance will focus on planning, budgeting, and forecasting...***

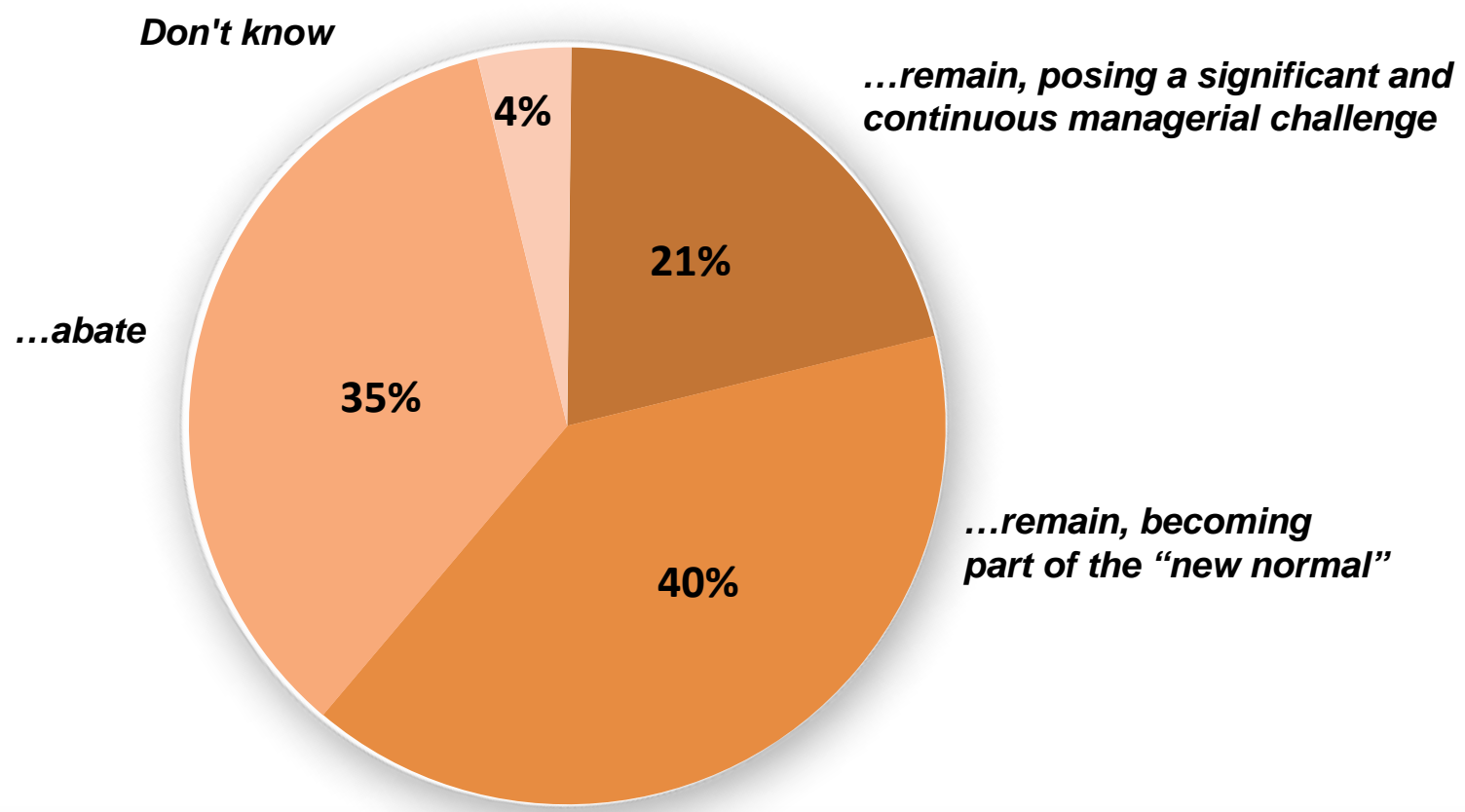
*Which aspects of your company will you approach or regard differently as a result of the recession?*





## *...in an effort to deal with uncertainty*

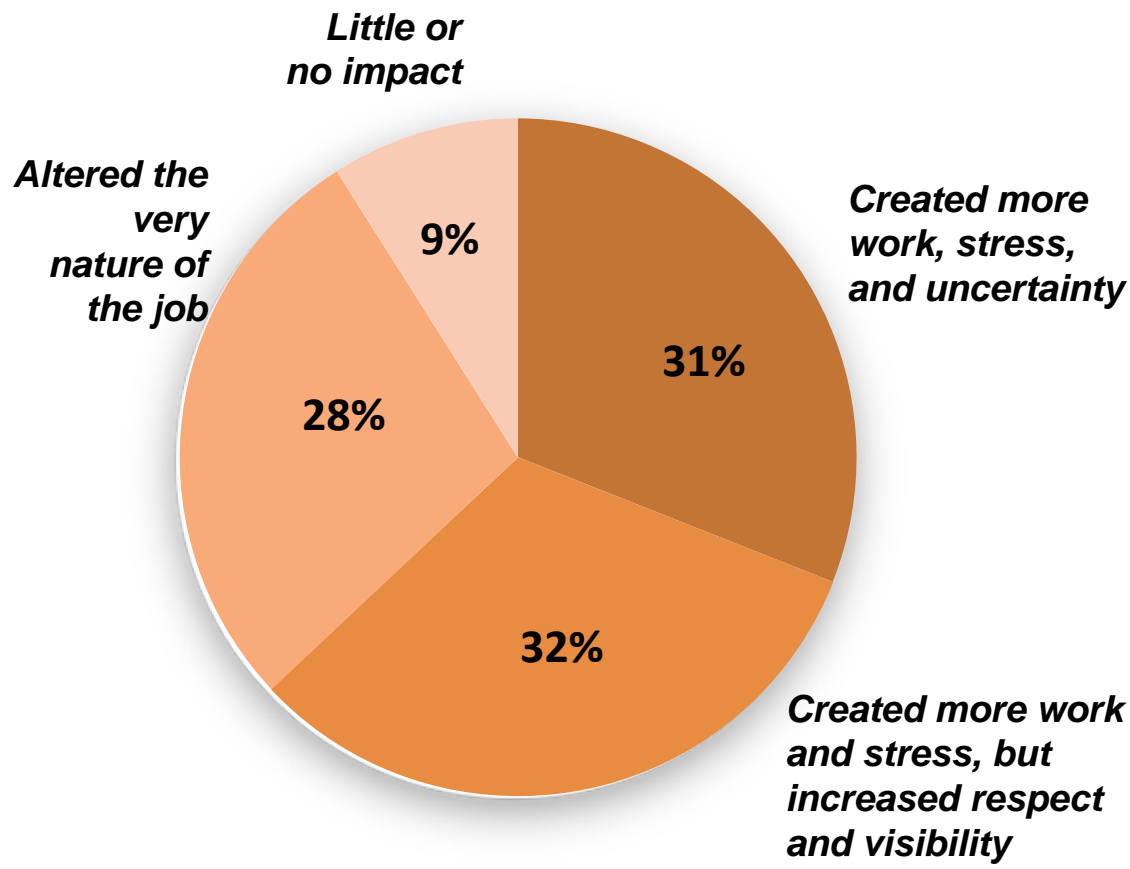
*When the recovery takes hold, the heightened uncertainty in the business world will...*





## Opportunities for CFOs

How has the recession affected the CFO's role?



## Opportunities for CFOs

- Seize an expanded mandate
- Strengthen liquidity position
- Strengthen forecasting capabilities with investment and process improvement

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